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THE FARM INDEX

January 1963

ECONOMIC RESEARCH SERVICE • U. S. DEPARTMENT OF AGRICULTURE

**AGRICULTURE
H¹SPURS
NATION'S
GROWTH**

MANPOWER TO INDUSTRY

CAPITAL PURCHASES

LOW REAL FOOD COSTS

FOOD FOR DEFENSE

ECONOMIC STABILITY IN DEPRESSION

INCOME FROM EXPORTS

FOREIGN AID

ECONOMIC TRENDS

Item	Unit or base period	'57-'59 Average	1961		1962		
			Year	November	September	October	November
Prices:							
Prices received by farmers	1910-14=100	242	240	239	250	245	245
Crops	1910-14=100	223	226	224	232	226	227
Livestock and products	1910-14=100	258	251	251	266	261	262
Prices paid, interest, taxes and wage rates	1910-14=100	292	302	301	307	307	307
Family living items	1910-14=100	286	291	291	294	294	295
Production items	1910-14=100	262	266	265	271	271	271
Parity ratio		83	79	79	81	80	80
Wholesale prices, all commodities	1957-59=100	.....	100.3	100.0	101.2	100.6	100.7
Commodities other than farm and food	1957-59=100	.....	100.8	100.7	100.8	100.7	100.7
Farm products	1957-59=100	.....	96.0	95.6	100.6	98.7	99.3
Food, processed	1957-59=100	.....	100.7	100.2	103.3	101.5	101.3
Consumer price index, all items	1957-59=100	.....	104.2	104.6	106.1	106.0	.....
Food	1957-59=100	.....	102.6	101.9	104.8	104.3	.....
Farm Food Market Basket: ¹							
Retail cost	Dol.	.....	1,060	1,045	1,085	1,069	.....
Farm value	Dol.	.....	404	395	425	414	.....
Farm-retail spread	Dol.	.....	656	650	660	655	.....
Farmers' share of retail cost	Pct.	.....	38	38	39	39	.....
Farm Income:							
Volume of farm marketings	1947-49=100	123	136	188	155	200	186 ³
Cash receipts from farm marketings	Mil. dol.	32,247	35,243	4,046	3,543	4,435	4,100 ³
Crops	Mil. dol.	13,766	15,828	2,291	1,838	2,328	2,200 ³
Livestock and products	Mil. dol.	18,481	19,415	1,755	1,705	2,107	1,900 ³
Realized gross income ²	Bil. dol.	.....	39.9	.....	40.5	.....	.....
Farm production expenses ²	Bil. dol.	.....	27.1	.....	27.7	.....	.....
Realized net income ²	Bil. dol.	.....	12.8	.....	12.8	.....	.....
Agricultural Trade:							
Agricultural exports	Mil. dol.	4,105	5,024	490	397	389	.....
Agricultural imports	Mil. dol.	3,977	3,691	306	313	333	.....
Land Values:							
Average value per acre	1947-49=100	.....	.....	179	186 ⁴	.....	.....
Total value of farm real estate	Bil. dol.	.....	.....	134.8	140.1 ⁴	.....	.....
Gross National Product ²							
	Bil. dol.	456.7	518.7	.....	55.3	.....	.....
Consumption ²	Bil. dol.	297.3	338.1	.....	358.2	.....	.....
Investment ²	Bil. dol.	65.1	69.3	.....	76.3	.....	.....
Government expenditures ²	Bil. dol.	92.4	107.4	.....	118.2	.....	.....
Net exports ²	Bil. dol.	1.8	4.0	.....	2.5	.....	.....
Income and Spending:							
Personal income	Bil. dol.	365.2	416.4	427.8	443.5	445.6	447.4
Disposable income ²	Bil. dol.	321.3	363.6	.....	384.1	.....	.....
Total retail sales, seasonally adjusted	Mil. dol.	.....	18,234	19,098	19,618	19,784	20,123
Retail sales of food group, seasonally adjusted	Mil. dol.	.....	4,618	4,694	4,915	4,847	.....
Employment and Wages:							
Total civilian employment, seasonally adjusted	Mil.	.....	66.8	67.1	67.9	67.9	67.8
Agricultural, seasonally adjusted	Mil.	.....	5.5	5.3	5.1	5.0	5.0
Rate of unemployment, seasonally adjusted	Pct.	.....	6.7	6.1	5.8	5.5	5.8
Workweek in manufacturing, seasonally adjusted	Hrs.	.....	39.8	40.6	40.5	40.1	40.4
Hourly earnings in manufacturing	Dol.	.....	2.32	2.36	2.40	2.40	2.41
Industrial Production, seasonally adjusted	1957-59=100	.....	110	115	120	120	120
Manufacturers' Sales and Inventories:							
Total sales, seasonally adjusted	Mil. dol.	.....	30,730	32,180	33,680	33,330	.....
Total inventories	Mil. dol.	.....	55,200	55,030	57,190	57,240	.....
Total new orders	Mil. dol.	.....	30,960	32,700	33,230	33,620	.....

¹ Average annual quantities of farm food products based on purchases per wage-earner or clerical-worker family in 1952—estimated monthly.
² Annual rates seasonally adjusted third quarter. ³ Preliminary. ⁴ As of July 1.
 Sources: U.S. Department of Agriculture (Farm Income Situation, Market-

ing and Transportation Situation, Agricultural Prices, Foreign Agricultural Economics and Farm Real Estate Market Developments); U.S. Department of Commerce (Industry Survey, Business News Reports, Advance Retail Sales Report and Survey of Current Business); and U.S. Department of Labor (The Labor Force and Wholesale Price Index).

THE AGRICULTURAL OUTLOOK

Farmers generally gained in cash receipts last year. Total from farm marketings through November . . . about 2 per cent more than in 1961, with both crops and livestock contributing to gain. Prices to farmers about 1.5 per cent higher. Increases in crop prices, overall, mostly stronger than gains in livestock prices.

Cash receipts on the plus side: from cattle and calves, cotton, truck crops, and broilers. Biggest gain from cattle and calves . . . slightly greater marketings accompanied by higher prices.

Cash receipts on the minus side: from wheat, eggs, dairy products and citrus. Decreases in egg and dairy product prices more than offset increases in production. Most of increase in egg production was in South and West. Egg production decreased some in North Atlantic and West North Central states, was about unchanged from 1961 in East North Central states.

Prices paid by farmers—for commodities and services, interest, taxes and wage rates—up in 1962 about in proportion to increases in prices received. Parity ratio remained around 1961 level of 80.

Volume of marketings . . . also about same in 1962 as in 1961. Slight increase in volume of livestock marketings offset reduction in crop marketings.

Farm output . . . not much change from 1961. Harvested acreage down a little, yields up 2 per cent. Wheat acreage down substantially, nearly 15 per cent.

Total U. S. economic activity continued advance in fourth quarter, slowly, as in most of 1962.

Going into December, industrial production had not changed since August, at 120 per cent of 1957-59 average.

Business spending for plant and equipment . . . over \$38 billion (annual rate) for fourth quarter of 1962. During first quarter this year, businessmen plan to spend \$37.7 billion (annual rate) for plant and equipment.

Private construction declined more than seasonally in mid-fourth quarter last year. But public construction increased.

Personal income in November, up about \$4 billion from third-quarter average of \$443 billion.

Retail sales continued strong well into fourth quarter.

Sales and production of autos in fourth quarter . . . record levels. Auto sales in 1962 . . . more than a fifth above 1961, still shy of 1955 record.

Unemployment, January-November, between 5.3 and 5.8 per cent of labor force.

CONTENTS

	<i>Page</i>
THE FARM	5
MARKETING	9
THE FOREIGN MARKET	11
THE CONSUMER	14
RECENT PUBLICATIONS	15

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COMMODITY HIGHLIGHTS

Cotton crop, as of December 1, estimated at 14.7 million running bales. This is 400,000 bales more than in 1961, largest crop since 1953. Larger crop reflects higher yields because harvested acreage was down more than 100,000 acres from 1961. Average 1962 yield per harvested acre is estimated at 455 pounds, up from 438 in 1961 and third highest. Record was 466 in 1958.

Cotton disappearance during current season . . . expected smallest since 1958-59 because of decline in mill consumption. Exports probably will total about same as last season's level.

Cotton carryover on last August 1, totaled 7.8 million bales, about 600,000 more than on August 1, 1961.

Carryover then . . . smallest since 1953. Further increase in carryover expected during 1962-63 season. Ending stocks next August 1 . . . probably over a million bales larger than beginning stocks.

Fed cattle prices on weekly basis, year's high in late November . . . since have edged off somewhat, in response to increased slaughter supplies. But these prices still highest in several years.

Hog prices were steady in November-December, in contrast to final month of 1961, when they rose about \$1. Early 1963 prospects? Prices up a little higher than last month's average due to seasonal factors, but under year earlier.

Price of **slaughter lambs** during November and early December held \$3 to \$3.50 per hundredweight above same weeks of 1961. In early part of this year, slaughter lamb prices likely will continue averaging about same margin above year-earlier levels.

Milk production for all of 1962, 1 per cent above 125.5 billion pounds in 1961. During first quarter this year, likely above a year earlier. Prices farmers receive for wholesale milk . . . this quarter expected about 15 cents lower per 100 pounds than a year ago. CCC purchases in 1962 probably amounted to 10.8 billion pounds of milk equivalent compared with 7.9 billion in 1961.

Egg prices to farmers in mid-November, averaged 36.6 cents a dozen compared with 36 cents in November 1961. Prices during next few months? Likely to continue averaging close to a year earlier.

Number of **broiler chicks** . . . cut back in December—but still running above 1961 level.

Prices **turkey** growers received in 1962: estimated average 21 to 22 cents a pound compared with 18.9 in 1961.

Feed grain production, total estimated in December at 143 million tons, slightly above 1961 crop but 8 per cent below record in 1960.

Carryover of feed grains into 1962-63 totaled 71 million tons, 14 million less than a year earlier. Total supply for this crop year, 215 million tons, down 5 per cent.

Total feed grain utilization in 1962-63? Expected about equal to 1961-62 record level . . . would reduce carryover at close of 1962-63 to below 60 million tons.

Feed grain prices declined 6 per cent from September to November. Corn prices declined seasonally with harvesting of crop. Feed grain prices received by farmers in November averaged slightly lower than a year earlier. Wholesale prices of high-protein feeds were 20 per cent higher.

Wheat exports are continuing to run below record level a year earlier. For this marketing year, expected to total 600 million bushels, 15 per cent below 1961-62.

Quantity of wheat put under price support through last October . . . smallest for period since 1957. Quantity, because of smaller 1962 crop, has been large enough to offset reduced export demand and hold prices near support.

Supplies of **food fats and oils** in 1962-63 marketing year (begun last October 1) are placed at record 16.5 billion pounds, in terms of oil. This is about 4 per cent more than peak quantity available last year. Total disappearance . . . expected to rise about 7 per cent to new high, with record exports accounting for nearly all of increase.

Carryover stocks next October 1? Possibly a slight reduction compared with stocks on October 1 last year.

U. S. **cigarette** output in 1962—estimated 537 billion, 9 billion more than in 1961. Consumption by U. S. smokers put at 510 billion last year.

Exports of **leaf tobacco** in current fiscal year are likely to decline from 1961-62 level. Decline attributed to poor quality of considerable portion of 1962 flue-cured crop and increased competition from foreign producing areas.

Supplies of **canned vegetables** available into mid-1963 . . . probably substantially larger than a year earlier. Supplies of frozen . . . expected near those last season.

Supplies of **fresh pears and grapes** . . . expected somewhat larger this winter than last. Those of apples may not be greatly different from a year earlier, but of lemons smaller. Supplies of fresh oranges and grapefruit . . . uncertain until effects of December freeze in Florida are evaluated. But supplies of California oranges are expected larger than last winter.

Supplies of **canned fruit** this winter compared with last, expected up, most other classes of processed fruits down.



**MANPOWER
TO
INDUSTRY**



**CAPITAL
PURCHASES**



**LOW
REAL
FOOD
COSTS**



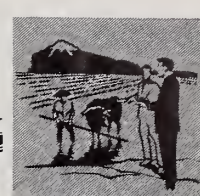
**FOOD
FOR
DEFENSE**



**ECONOMIC
STABILITY
IN
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**INCOME
FROM
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**FOREIGN
AID**

AGRICULTURE SPURS NATION'S GROWTH

*By raising output while releasing manpower to industry,
U. S. agriculture set the standard for a progressive economy*

In a modern society, one test of whether a nation's economy is growing fast enough is its capacity to produce all the food and fiber it needs and at the same time release workers and physical resources from agriculture to produce industrial goods and services.

By this test, U.S. agriculture is an outstanding success.

Year by year U.S. agriculture plays a smaller relative part in our growing economy. Yet the faster agriculture declines the more it contributes to the nation's growth.

The problem of growth is the central economic problem of our time. Like most other countries, the United States has had a tremendous upsurge in population since World War II. But unlike such densely populated countries as India and Egypt, the U.S. has benefitted by having more people.

More people generate new demands for roads, water systems, hospitals and, above all, education. But if we are to meet these growing needs without curtailing output of such consumer goods as food, clothing, hous-

ing and automobiles—things that contribute to our high standard of living—we must have a rising rate of economic growth.

Here's how agriculture has stimulated our economy:

- Agriculture's contribution to our gross national product has declined sharply. In 1900 the farm sector provided 23.2 per cent of the GNP. By 1960 it accounted for only 4.9 per cent.

This contribution to economic growth can be seen more clearly over longer periods. In the single decade from 1870 to 1880 our total GNP increased by \$27.6 billion, with agriculture accounting for nearly 18 per cent of the increase. But in the six decades from 1900 to 1960 GNP climbed \$222 billion, with agriculture contributing only 1.8 per cent.

- The percentage of the national wealth needed to meet our food and fiber needs has dropped. Estimated in 1929 prices, the nation's total wealth in 1900 stood at \$123 billion.

Of this, nearly 36 per cent consisted of farm land, buildings, crop and livestock inventories and other farm

assets. By 1956 the nation's wealth, also in 1929 prices, was put at \$760 billion, with only 9 per cent represented by agricultural assets, not counting farm machinery.

- The percentage of our labor force needed in agriculture also declined, from 37.5 per cent in 1900 to only 8.6 per cent in 1960.

Labor's move out of agriculture into jobs in industry and services has been aided, particularly in the last 20 years or so, by agriculture's own technological advances. With ever better farm machinery, seeds, fertilizers and other production tools, U.S. farmers now produce more food and fiber—on less land—with fewer man-hours of work—than ever before.

In fact, the increase in output per man-hour on the farm out-stripped industry. Between 1948 and 1957, farm output per man-hour increased 64.7 per cent, that of industrial workers only 28.6 per cent. This is one big reason a single U.S. farmer can now supply farm products for 23 Americans and 4 people overseas. In 1948 he supplied only 13 people in this country and 2 abroad.

Scientific research carried on by federal and state governments, land grant colleges and private industrial suppliers has done much to make this production record possible.

Back in 1940, USDA, for example, spent \$29 million on research. By 1957, research expenditures had jumped to \$97 million. Major suppliers to agriculture spent even more.

Agriculture has made seven specific contributions of major importance to the nation's economic growth since the turn of the century:

- Its release of workers is a direct contribution to industry as well as an indicator of overall economic growth.
- It has also lowered food costs relative to incomes.
- It has increased its purchases of industrial goods.
- It has sustained output during economic depressions.
- It has met wartime demands for food.
- It has brought in high earnings from exports.
- And it has assisted other countries in their economic development programs.

More workers for industry.—Until our first immigration laws were passed after World War I, our ex-

panding industries filled most of their new jobs from the pool of incoming Europeans flooding our east coast ports of entry. Thereafter, industry turned more and more to the farm population as a source of manpower.

Fortunately, industry's need coincided with agriculture's growing productivity and slackening demand for labor. In the 1920s alone, over 5 million people moved out of agriculture. During the depression 1930s, however, farm people tended to stay put. The outflow began again after World War II, and nearly 10 million people left the farm during the 1950s. About a million people are now leaving the farm each year and will probably continue to do so for awhile.

On a national basis, population shifts have been out of the agricultural South to industrial areas in the Northeast and Far West.

Lower real food costs.—The cost of food has been rising steadily. But national per capita income has climbed even higher. Together these two factors mean that we are spending a smaller percentage of our income on food than our grandfathers, or even our fathers, did.

In 1900, 41 per cent of the net income of the average clerical worker's family went for food. By 1960 the

average American family was spending only 20 per cent on food.

By comparison, West Germans spend about 45 per cent of their incomes for food, the Japanese, 42 per cent. Russians have to put aside 56 per cent of their earnings for food.

Farmers as purchasers of nonfarm products.—Despite its decline in importance relative to the total economy, agriculture since the turn of the century has been a major contributor, in absolute terms, to the nation's overall demand for goods and services.

Agriculture, for instance, buys heavily from such growth industries as petroleum, fertilizer, motor vehicles and machinery. While farm purchases stimulate any industry those made in industries with a rapid rate of growth tend to provide more jobs and higher purchasing power for more Americans every year.

Farm Purchases from Selected Growth Industries

	1910	1960
	Million dollars	
Petroleum fuel & oil	11	1,570
Motor vehicles, machinery & equipment	336	4,330
Fertilizer & lime	152	1,460

Another way of measuring farm purchases is to look at the increase in farm assets. Total production assets increased from \$83 billion in 1940 to \$109 billion in 1960 (1947-49 prices), a rise of 30 per cent. Value of machinery and motor vehicles owned by farmers went up 151 per cent during this period. In 1960 farm assets per worker averaged \$21,300, compared with \$15,900 in industry.

Depression contributions.—Between the stock market crash of 1929 and the depth of the depression in 1933, nonfarm jobs declined by 22 per cent, from 37.2 million to 28.8 million. Farm employment, on the other hand, remained almost steady at somewhat more than 12.5 million.

During this period the nonfarm sector's contribution to the gross national product fell 36 per cent. In contrast, the farm sector's share fell only a fraction.

LESSER ROLE OF FARM IN GNP IS MARK OF NATIONAL GROWTH (1929 Prices)

Year	Gross national product		Farm gross product			Farm gross product as per cent of GNP
	Total	Per capita	Total	Per capita	Per farm worker	
	Billion dollars	Dollars	Billion dollars	Dollars	Dollars	Per cent
1960	259.2	1,435	12.6	70	1,770	4.9
1950	187.1	1,233	11.5	76	1,159	6.1
1940	121.0	916	10.4	79	947	8.6
1930	95.1	772	8.9	72	712	9.4
1920	73.3	688	8.7	82	648	11.9
1910	55.0	608	8.5	92	827	15.5
1900	37.1	496	8.6	113	590	23.2
1890	26.2	396	6.8	108	511	26.0
1880	16.8	327	5.7	113	492	33.9
1870	9.5	223	3.7	93	406	38.9

While farm jobs and the sustained value of farm output served as an economic shock absorber, the drop in food prices enabled most Americans to get enough to eat. Our income per person fell nearly 30 per cent, but retail food prices fell 37 per cent.

Wartime needs.—As in past wars, the performance of U.S. agriculture in World War II was spectacular. Manpower was limited. So was capital. There were shortages of machinery parts, insecticides and other production materials. Nevertheless, by 1945 U.S. farmers had increased farm output by 28 per cent compared with the 1935-39 period. And they did it without much increase in acreage.

Over a fifth of all food produced went to the military or to such related war uses as food aid to our allies. Yet in 1944-45 our supplies here at home enabled civilians to eat 12 to 14 per cent more food per person than they did during the pre-war years. Or, by war's end we were producing enough food to feed 50 million more people than in 1935-39 at the same dietary level.

Exports.—Farm products are one of our best dollar earners in foreign markets (see the Farm INDEX, October, 1962). In the year ending last June 30, agricultural commodities, some \$5 billion worth, accounted for one-fourth of all U.S. exports. Two-thirds of these farm products were sold for dollars, providing foreign exchange the U.S. needs to buy goods from other countries. The other third went as aid to food-short countries.

U.S. farmers shipped to foreign markets in fiscal 1962 over half of all the wheat, rice and hops they grew. More than a third of our soybeans, cotton, dry milk and tallow also went abroad.

Food and fiber exports give U.S. farmers more purchasing power, much of which is spent on manufactured items. They also provide jobs in processing, transportation and other industries that are involved in moving commodities from the farm to overseas markets.

FARM-CITY MOVE HAS FED INDUSTRIAL LABOR FORCE

Year	Total number in all occupations	Non-agricultural labor force		Agricultural labor force	
		Number	Per cent of total	Number	Per cent of total
	Million	Million	Per cent	Million	Per cent
1960	66,681	60,958	91.4	5,723	8.6
1940	47,520	37,980	79.9	9,540	20.1
1920	42,434	30,985	73.0	11,449	27.0
1900	29,073	18,161	62.5	10,912	37.5
1880	17,392	8,807	50.6	8,585	49.4
1860	10,533	4,325	41.1	6,208	58.9
1840	5,420	1,700	31.4	3,720	68.6
1820	2,881	812	28.2	2,069	71.8

FARM OUTPUT CALLS FOR INCREASED USE OF CAPITAL

Kind of asset	Unit	1940	1950	1960	Percentage change	
		1947-49 prices			1940-60	1950-60
Total production assets	Bil. dol.	83.3	95.9	108.6	30	13
Farm real estate	"	58.2	63.4	71.1	22	12
Livestock	"	12.9	13.1	15.4	19	18
Machinery & motor vehicles	"	4.1	8.6	10.3	151	20
Other	"	8.1	10.8	11.8	46	9
Per farm	Dollars	13,118	16,979	23,921	82	41
Per farm worker	"	7,347	9,625	14,707	100	53

AMERICANS SPEND SMALLER SHARE OF INCOME ON FOOD

Year	Total income	Total food expenditures excluding alcoholic beverages	
		Amount	Per cent of total income
	Million dollars	Million dollars	Per cent
1960	351.8	70,195	19.95
1955	274.4	59,242	21.59
1950	207.7	47,448	22.84
1945	150.4	34,116	22.68
1940	76.1	16,740	22.00
1935	58.3	13,632	23.38
1930	74.4	17,964	24.15

Food aid for war and peace.—World War II destroyed much of the world's capacity to produce food. U.S. food aid helped bridge the gap while Europe and other shattered areas undertook the mammoth job of rebuilding agriculture and repairing their transportation and marketing systems. In part because of our help, such countries as Italy and Japan had become strong dollar markets for U.S. farm products in less than 10 years. Today Japan is our top dollar customer.

Most U.S. food aid now goes to Latin America, Africa, West Asia and the Far East. It is in these areas that U.S. agriculture can make the greatest contribution.

Two-thirds of the world's people, some 2 billion, live in these underdeveloped areas that don't produce enough food to provide a balanced diet for today's populations. And populations are growing fast, in some places faster than food production.

Where people are chronically undernourished, always tired, susceptible to disease, they are also likely prey to political unrest. Since World War II, 13 countries in the non-communist Far East have gained independence. Just since 1956, Africa has seen 28 new nations emerge. Still other countries are preparing for independence.

People guiding their own destiny for the first time have new hope for a better life. U.S. food aid helps meet their immediate needs. But direct food aid, while essential for some years to come, isn't the long range solution.

The United States is the biggest storehouse of agricultural knowledge in the world. Exporting this knowledge to help raise farm production in food-short countries is a contribution U.S. agriculture is making to world stability and peace in the years ahead.

Moreover, our foreign aid programs help to build future markets for U.S. farm products. As we have already seen in Japan and Italy, a growing economy means more money in people's pockets and more cash sales.

LAND NEEDS DIMINISH AS EFFICIENCY INCREASES

By 1980 the United States may have a population of about 260 million people, a population that may be fed and clothed from some 50 million fewer acres of cropland than we use today—70 million acres less than we needed in the mid-1920's when our population stood at about 110 million people.

We will be eating better, getting more of the food we want, and working less to pay for it.

The farmer has come to rely on more capital, rather than more land for several reasons. During the Second World War, for instance, prices encouraged the farmer to invest in the machinery and chemicals that would multiply his output. Acreage limitations, too, have caused the farmer to find ways to increase

his output. And the price of land itself has sometimes made it more profitable to increase output by using more capital rather than acreage.

Productivity often enough has been increased through developments that seem to have little to do with the use of land itself. An improvement in animal nutrition means more meat from less feed and fewer acres of land needed to produce the feed. For example between 1940-41 and 1953-54, the estimated national average feed consumption per pound of broiler produced decreased from 4.2 to 3.0 pounds.

More fertilizers, power machinery, mechanical equipment, pesticides, herbicides and insecticides have all contributed to the increased production from our land.

Take the mechanization of the farm. Tractors and self-propelled harvesters replaced four-footed horsepower and helped the farmer turn out more food. They did something else, too. As late as 1920, some 90 million acres of cropland, or 1 out of every 4 harvested, was tied up in producing the feed for horses and mules. In 1960 only 5 million acres—1 out of 65—were needed for these animals.

The projections for 1980's land needs are based on assumptions which could well change in the next 20 years. For example, if the population is not as large as expected, or export levels lower, we would need even less cropland than the projections currently indicate. A breakthrough in feeding efficiency for livestock could further cut the number of acres needed for crops.

And if you want to look beyond the next 20 years, our supply of farmland is still reassuring—for we never have put all of our available land to use.

Beyond the 450-odd million acres of cropland now in use there are another 240 million acres of top-quality land that could be put to crops.

Another 120 million acres of marginal land could be tilled if necessary.

Farm Credit Loans to Increase As Farmers Make Improvements

It looks like farmers this year will be using more credit. There should be: more land added to farms; additional livestock to herds; stepped-up change-overs from crop to livestock production; increased use of fertilizer, insecticides and weed-killers; more assembly line hog production; increased mechanization of cattle feeding; and the installation of bulk tanks for milk.

Major farm lenders expect loans to farmers will average larger in 1963, continuing the trend. But with the amount of loans up, fewer farmers probably will borrow money this year. The trend reflects the growth in capital needed to operate a farm and the decline in the number of farms.

Interest rates on farm loans may be a little lower this year than in 1962. Lenders expect to have ample credit available for farmers in 1963.

Sources of agricultural credit are private banks, life insurance companies and government agencies, such as the Farmers Home Administration.

Federal Milk Marketing Orders Cover 45% of Farmers' Sales

Some 83 federal milk marketing orders (in 37 states and the District of Columbia) were in effect in the United States as of July 1, 1962, according to a report on the federal government's role in pricing milk.

The impact of milk marketing orders, however, goes beyond the number of milk marketing areas actually controlled by the program.

About 45 per cent of milk now sold by farmers is marketed under federal marketing orders. In 1961, more than 193,000 farmers, under the terms of the orders, sold 49 billion pounds of milk with a farm value of over \$2 billion.

State laws directly affected another 17 or 18 billion pounds of milk sold.

Total whole milk sales by dairy farmers to all plants and dealers in the nation amounted to 108.2 billion pounds in 1961.

The federal orders also affect the prices of milk in adjacent areas not under the jurisdiction of marketing orders.

Federal milk marketing orders are designed to assure the dairy farmer who sells his milk in a regulated market of a uniform minimum price based on current supply-demand conditions.

The federal orders apply only to prices paid to producers by milk dealers.

Wholesale and retail prices for milk, by contrast, are the result of competition in the market place, unless controlled by state laws.

Federal authority to regulate the prices paid producers for milk is provided for in the Agricultural Marketing Agreement Act of 1937 as amended.

Milk marketing orders are generally initiated by milk producers in a given area through their cooperative associations. The producers submit a proposed order to the Secretary of Agriculture. The procedure then generally followed is (1) an investigation by the Secretary on the ad-

visability of an order, (2) invitations for counter-proposals, (3) a public hearing and (4) a recommended order based on the hearing record.

Then the order goes back to the producers. If it is approved by a large majority of the producers who supply milk for the area, it goes into effect.

A milk marketing order can be terminated at the request of more than 50 per cent of the producers supplying more than 50 per cent of the milk for the market, or by the Secretary of Agriculture if he finds the order no longer carries out the purposes of the Act.

Vegetable Supplies Are Short For Southeastern Processors

The biggest headache for vegetable processors in the southeastern states is getting adequate supplies of vegetables. Their least difficult problem is finding labor for their plants.

These are two points made in a report on vegetable processing in the southeastern states.

This latest survey of the industry, made in the spring of 1961, covered plants in Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Tennessee. Sixty-one firms provided information for the survey.

The key to the problems of southeastern vegetable processors is the relatively low yields of local vegetable production, when compared with other parts of the country, and the dominance of the fresh vegetable market. Local producers are reluctant to tie themselves to processors, where outlets for fresh vegetables exist and prices on the fresh market generally are more attractive than prices offered by processors.

With limited and uncertain supplies of vegetables for processing, few firms in the Southeast can keep their plants going for more than two or three months of the year.

And though labor is plentiful, the firms find their short operating seasons make it difficult to hold key management and technical personnel.

Food Processors' Depreciation Doubles in the Past 10 Years

The cost of depreciation for food processing corporations more than doubled between 1949 and 1959. In 1959, total depreciation charges made by the food corporations were almost as large as their total net income after taxes.

For all industries in the economy, depreciation exceeded profits after taxes during both 1958 and 1959.

From a low point of 0.7 cents per dollar of total receipts in 1946, depreciation costs for the food companies rose steadily to 1.5 cents per dollar in 1959. The figures represent an average annual rate of increase of more than 5 per cent for the 13 years.

About three-fourths of the increase in depreciation per dollar of total receipts is due to a more rapid write-off of assets. The remaining fourth is the result of an increase in depreciable assets.

In 1946, less than 4 cents depreciation was charged off per dollar of gross depreciable assets. By 1959, depreciation amounted to 6.6 cents per dollar of assets, an average increase in the rate of write-off of 4.2 per cent a year.

The use of more rapid methods of depreciation accounted for less than half of the rise in rate of asset write-off since 1946. The larger part of the increase in depreciation costs is directly the result of shorter useful lives for assets.

The stepped up pace of asset replacement in the food processing industry can be illustrated with figures from the Treasury Department. "Bulletin F," the old guide to life of depreciable property issued by the Treasury, recommended a life span of 14 to 20 years for production machinery and equipment used in the dairy product industry. A recent Treasury survey found 13 years closer to actual practice.

A similar recommendation of 25 years for the vegetable oil industry turned out to be eight years more than the true average.

Lower Retail Food Prices May Result From Added Processing

Despite the additional cost involved in processing food, the end result is sometimes lower prices for the consumer, higher returns for the farmer. (See the Farm INDEX, December 1962.) Some of the reasons are:

- Added processing can make farm products more attractive to the consumer and increase the demand. As demand rises, the economies of mass production may lower processing costs. Greater demand may mean higher returns to the farmer too.
- If increased demand makes for a faster turnover on the grocery shelf, the retailer is apt to take a smaller margin.
- Less perishable processed foods can be shipped easier, and be sold to a wider market. Decreased weight resulting from processing also extends feasible shipping distance.
- The more standardized, less perishable processed food may be easier and less expensive to handle at both wholesale and retail levels.
- Processing permits year around sale of otherwise perishable products. Processing gives the farmer an outlet for fruits and vegetables that aren't up to the standards of the fresh market because of size, color, or superficial skin blemishes.

Whether processing increases returns to the farmer depends not only on how it affects the demand for his product, but also on how easy it is to increase production.

Because public acceptance of frozen and canned juice has increased demand for oranges, prices to farmers are probably higher than they would be otherwise. Since it takes several years before a new orchard starts to produce, the increased demand has not yet been entirely reflected in higher orange production.

Truck crops and the like, however, are a different matter. Increased demand is likely to mean a corresponding increase in production in fairly short order, and returns to farmers are apt to increase little if at all.

Another effect of processing is the shift in production areas from one part of the country to another. Most of the changes have been toward the more specialized areas of production, away from the less productive areas.

At the same time, processors have tended to locate their plants in production areas with the greatest comparative advantage.

New Fan Use for Cotton Gins Can Cut Costs by 22¢ a Bale

Cotton ginner in California and West Texas can cut their electric power costs by as much as 12 to 22 cents a bale, by simply rearranging the trash removal fans and eliminating some in the process.

A joint study by the Economic Research Service and the Agricultural Research Service of 30 gins in West Texas and California in the 1961-62 season showed that power costs for all air fans averaged 44 cents a bale in California and 74 cents a bale in West Texas. The higher figure for West Texas was due to the higher cost of electricity in that state.

The study showed that the average gin in 1961 was operated with 677 connected horsepower in California and 633 in Texas. In comparison, cotton gins in the two areas had only 118 to 178 connected horsepower in 1945. The more than three-fold increase in connected power per gin is the result of: more and larger overhead cleaning equipment; the addition of one to three stages of lint cleaning; and the use of additional air fans.

Air fans use about two-fifths of the total horsepower hookup of the average gin.

More efficient operation and maintenance of existing fans and piping would also help to cut power costs, if ginner cannot efficiently rearrange their machinery, according to the study.

Detailed suggestions for more efficient use of air fans are given in a recent paper prepared in ERS and ARS.

Price Changes Quick to Affect South Texas Tomato Shippers

Shippers of tomatoes in the Lower Rio Grande Valley tune their operations closely to price changes.

A study of the area in 1961 showed that the grower-shipper margin was fairly constant throughout the season, with prices paid growers and f.o.b. prices rising and falling together. This was true even though grower prices rose some 300 per cent in three weeks, or from \$1.75 on May 17 to \$7.00 per hundredweight on June 7, 1961.

The study also showed that Market News Reports were getting the right word to shippers and growers on f.o.b. prices by grade and size categories, though the reports tended to be more accurate on the high side of the price range than on the low side.

The survey indicated that shippers are quick to adjust to changes in prices of the various types of containers. They are also quick in equating returns from different methods of sale on any given day.

A strong indication of competition in the Rio Grande Valley is the extent to which shippers move in and out of the market. Small shippers showed a greater degree of entry and exit over the course of three years, but even some of the larger operators switched in and out of the tomato market from season to season.

- • • • •
- **Investments Rising** •
- Expenditures for plant and equipment by firms manufacturing foods and beverages are expected to total \$1 billion for 1962, according to surveys conducted by the Department of Commerce and the Securities and Exchange Commission. This total would be the largest annual expenditure since 1943; in dollars of constant purchasing power it would be the largest since 1953. Plant and equipment expenditures made or planned by textile manufacturing firms totaled \$630 million in 1962, up from \$500 million in 1961. If this is the final total, it will be the largest since 1951.
- • • • •



WORLD FOOD GAP NARROWS SLIGHTLY

*ERS report shows people will have a little more to eat
in 1963 as food production outstrips population
growth for second year in a row*

Agriculture in 1963 will take another small but significant step toward narrowing the food deficit around the world. Production should increase about 3 per cent in crop year 1962-63, repeating the 3 per cent gain made in 1961-62. Population isn't growing quite so fast, and there should be about 1 per cent more food available per person this year than last.

Incomes will be slightly higher, too, and this should offset any tendency for the slight increase in food supplies to lower world prices of farm products. World prices of primary food products rose slightly in 1962 after dropping steadily for several years.

Production this year should be higher for several grains, cotton, tobacco, cocoa beans, tea, most fruits and several oilseeds. Production of animal products will also be up, the chief exception being wool. However, there will probably be less coffee, potatoes, corn, oats, soybeans, dry beans, olive oil, jute and hard fibers.

In most free world areas, conditions for agricultural production and trade

so far in crop year 1962-63 have been favorable. Except for limited areas of drought, the worst ones being in Mexico and Uruguay, it's generally been a good growing year in the Western Hemisphere. Western Europe had a record output of livestock and crops in 1962. Production in 1962-63 is expected to go up sharply in West Asia and much of Africa, while the outlook in non-communist south and east Asia varies from slightly to substantially higher production.

It's a different story, however, in the communist bloc. Eastern Europe saw a decline in farm output in 1962, largely because of cool, wet weather in northern countries and drought from the Danube basin to the Black Sea. Drought also cut grain and cotton output in Soviet Asia.

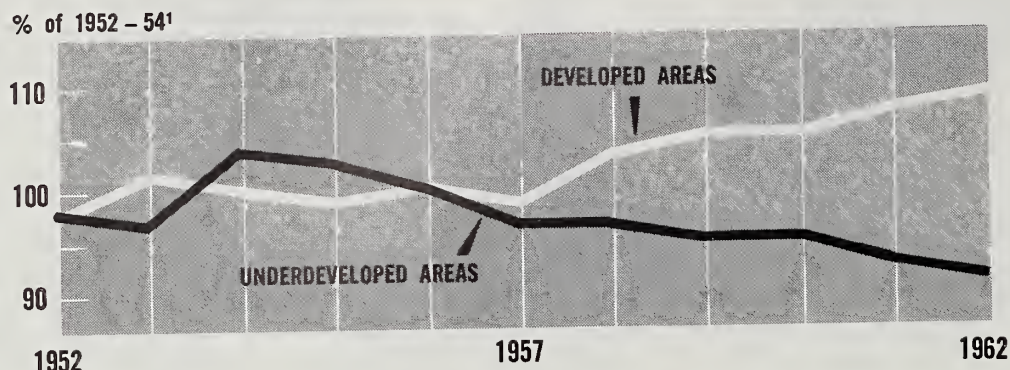
Better weather in Red China is expected to step up grain production 8 to 10 per cent in 1962-63, compared with last year's low level. Output of other major crops should also increase. But there, as in the Soviet Union, farmers don't have much incentive to produce, and this factor

alone will continue to retard production.

World agricultural exports will likely continue at a high level in 1963. Although all figures are not yet available, it looks like world trade in 1962 ran at about the 1961 level. U. S. farm exports in the year just ended are estimated at \$5 billion. World exports were 5 per cent greater, at constant prices, in 1961 than in 1960, with the U. S. share accounting for 18 per cent of total volume.

Despite the uncertainty of markets for several farm products in some countries of Western Europe as a result of stimulated domestic production under the European Economic Community's new common agricultural policy, several factors point to 1963 as another good year for world agricultural trade. Most industrial nations are enjoying a sustained rate of economic growth. Many big importing countries have record holdings of gold and dollars. Surplus-producing countries will probably have large supplies for export again this year, and they are expected to

TERMS OF TRADE: High prices of coffee, tea and cocoa in 1954 helped underdeveloped areas top developed areas in terms of trade. Since then, positions of the two areas have reversed sharply as farm prices declined and those of manufactured goods climbed.



¹Unit value index of exports divided by unit value index of imports

Source: United Nations Monthly Bulletin of Statistics

U.S. Department of Agriculture

Neg. ERS 1575-62(11)

step up their market promotion activities. Then too, the United States and a number of other countries will continue to export food and fiber as foreign aid.

Outlook for U. S. Wheat Exports.—U. S. exports of wheat and wheat flour may not go much above 600 million bushels in 1962-63, compared with the record 716 million bushels shipped abroad in 1961-62. This drop will reflect a decline in world exports of about 120 million bushels, caused by higher production in Western Europe, India, Red China and

some other areas that have imported large quantities of wheat in the last few years.

Coarse Grains.—U. S. exports of feed grains are likely to drop about 1 million tons in 1962-63 from the record 15 million tons exported last year. Most of the loss will be in shipments to Western Europe which customarily takes two-thirds of our total exports. There are several reasons for the expected decline. Western Europe had a record barley crop last year. There is more feed wheat available in France. And the EEC's

common agricultural policy is encouraging domestic production at the expense of imports. However, world demand on the whole is expected to remain strong.

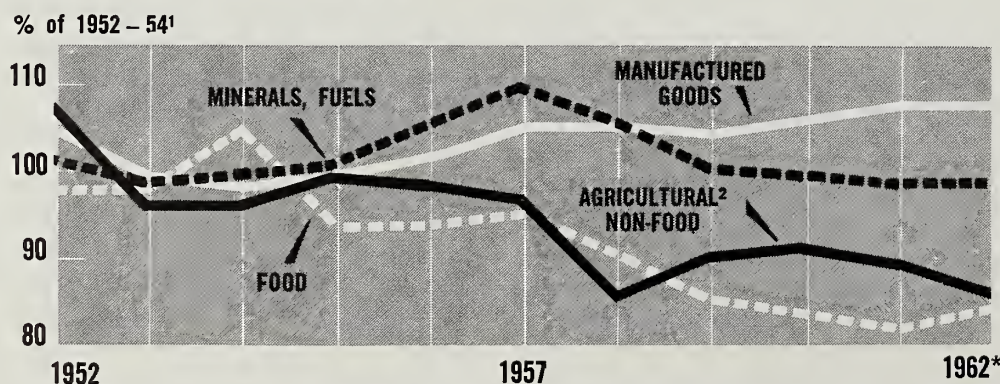
Cotton.—U. S. exports in the year beginning last August should total about 5 million bales, roughly the same as the year before. Foreign buyers will use a total of more than 39 million bales this year, near the record highs of recent years. But production is up in many cotton-producing nations, and raw cotton prices are below last season.

Animal Products.—Our exports could rise above \$700 million in 1962-63, \$73 million more than last year as world demand for meat and other animal products continues to grow. Most of the expected increase will be U. S. donations. Exports of butter, cheese, nonfat dry milk and tallow should go up, but little change from present export levels is expected for hides, skins and red meats. Donations will account for most of the increase in exports of dairy products.

Oilseeds.—World exports of oilseeds and their products may reach a 6.5 million ton total in 1963, 5 per cent above last year's record. Copra, cottonseed and most other oilseed or oil exports, except olive oil, will show gains. But soybeans, as in recent years, will set the pace. Western Europe's strong demand for protein meal, plus the fact that Mediterranean supplies of olive oil are down, should push U. S. exports past the 153 million bushel record set in 1961-62.

Tobacco.—World trade in tobacco is expected to set a new high in 1962-63. Surplus-producing countries have had a large output in the last two years, and people in most parts of the world are smoking more than ever. However, U. S. exports aren't expected to rise. The European Economic Community, usually a big customer, still has a lot of U. S. leaf on hand. And the British, our most important customers, are reversing the world trend and smoking less than they used to.

WORLD EXPORT PRICES: After a 10-year decline, food prices turned upward in the first half of 1962, but prices of non-food items fell to the 1958 low. Manufactured goods leveled off at a decade high. Minerals and fuel fell to the lowest level of the decade.



¹Weight 1952-55 based on 1953; 1956-62 based on 1959. ²Includes non-food products of forests and fisheries.

Source: United Nations Monthly Bulletin of Statistics

*June

U.S. Department of Agriculture

Neg. ERS 1576-62(11)

Poland's Private Farmers Upped Output in 1961 While Other Red Bloc Countries Produced Less

Agriculture in the red lands of Europe was beset last year by bad weather and worse planning.

With the notable exception of Poland, which has found deviations from the party line on collectivization a profitable though politically uneasy course, all of the communist countries of Europe harvested a poorer crop at the end of the 1961-62 season than they planned for the year before.

With most farms in Poland in private hands, greater use of machinery and fertilizers, and the help of U.S. assistance, production in 1961 continued to climb. Compared with 1960, Polish farms produced nearly 20,000,000 more bushels of wheat; 1,500,000 more bushels of feed corn, and raised the number of cattle by 420,000 head.

For the rest of the communist countries, the 1961-62 season was a dispiriting time.

The Soviet Union closed its third successive year of disappointment on the farm. Instead of the large increase planned by the Kremlin, total production managed only a slight gain over the year before.

The Russians aren't going short of food, but diets are still too long on starch, short on animal products, to offer much cheer to the populace.

The Russians had their choice of two or three causes of lagging agricultural production: bad weather, inadequate investment in agriculture, or inept management. The party leaders—from Khrushchev on down—chose to pin the blame on management. In a sputter of conferences and speeches, the Kremlin ordered a tightening of administrative control of collective and state farms, a shift in crop patterns, and higher prices for livestock products, paid for by the state, and, in turn, by the consumer.

Yugoslavia, after Poland the one other communist country in Europe that has found that it pays to toler-

ate, if not encourage, private enterprise, ended the season with an agricultural output 10 per cent below the previous year.

The Yugoslavian farmer, doing fairly well until recently, was done in by rainless skies rather than the state. Tobacco, corn, and wheat were down 50, 35, and 11 per cent from the year before.

Despite the curtailed farm production, the Yugoslavs maintained agricultural exports, though imports jumped 32 per cent. U.S. government shipments under P.L. 480 accounted for about half the imports.

The otherwise good record in Yugoslavia is not, however, preventing the state from trying to squeeze out the private farmer. Price premiums, and subsidies on machinery and fertilizers, for instance, are offered only to the socialized farms, which currently make up only 9 per cent of the farmland.

In Czechoslovakia, heavy rains dampened the already water-logged farm economy. It is still below the prewar level, despite greater use of machinery and fertilizers, and was

also lower in 1961 than the year before. Czechoslovakia, following the current communist fashion, reshuffled cabinet positions in an attempt to force greater agricultural output.

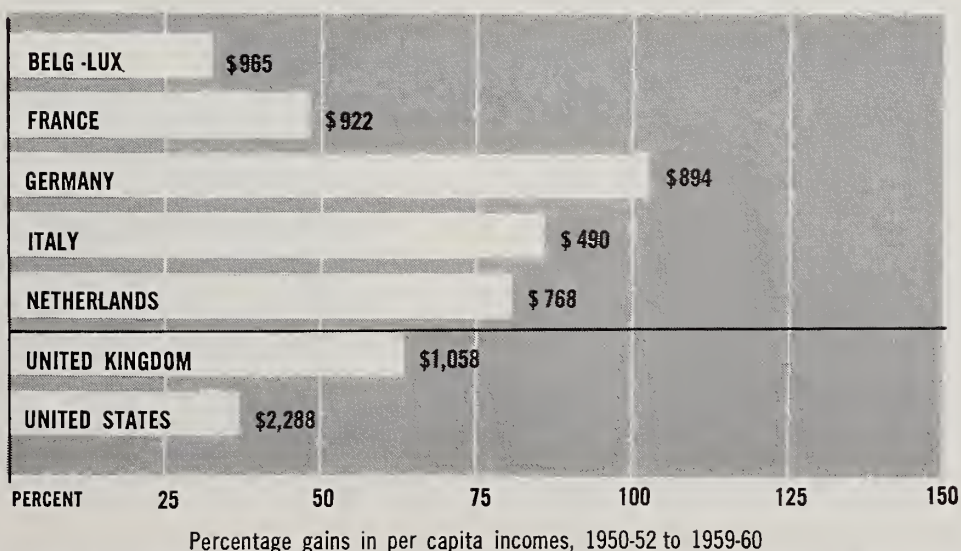
The food situation in East Germany was described, officially, as "tight" back in 1961. It was tighter at the end of the 61-62 season, despite a better harvest. The administration of agriculture is, of course, being reorganized.

The Hungarian regime is having trouble keeping workers on the farms, despite incentive payments to members of the collectives. Poor weather added to their problems in 1961, with output about the same as in 1960, or 9 per cent below the record year of 1959-60.

In Rumania a late summer drought cut yields of most spring planted crops. Agricultural production for 1961-62 was below the previous year. However, wheat production was up 9 per cent. Rumania too replanned the planners, abolishing the Ministry of Agriculture and replacing it with a Higher Council of Agriculture.

Bulgaria got the works. A rainy spring, a summer drought, and a tobacco blight pushed agriculture even farther behind industry.

COMMON MARKET INCOMES AND SALES POTENTIAL: EEC countries are our best dollar markets abroad and should get better as incomes rise. Income gains in the Common Market enabled member countries to increase per capita value of imports from the United States from \$3 prewar to \$17 in 1959-60. (Income figures are average for 1959-60.)



U.S. Department of Agriculture

Neg. ERS 1578-62(11)

*Preview of our food intake indicates
more meat but fewer dairy products during 1963*

TRENDS PREDICT FUTURE MENUS

Like to plan your menus well in advance? By watching the trends in food production and consumption, specialists in the Economic Research Service have a pretty good idea of what we'll have available to eat in 1963.

Most Americans consider meat the important item in most meals and the indications are that on the average we'll eat a little more beef and pork this year. There will be a little less veal and lamb, however. Total meat consumption per capita is expected to be about a pound more than the estimated 162.5 pounds of red meats eaten during 1962.

Poultry will offer the red meats some stiff competition for our food dollars this year. Broilers especially should have attractive price labels. Turkey is expected to appear on the dinner table less often this year than last. Per capita consumption of turkey in 1962 was 7.3 pounds, down a little from the record high of 1961.

We'll probably eat a few less eggs this year too. They've been declining steadily as part of the average American's diet. Last year supplies of eggs disappeared at an even 27 dozen per person.

Vegetables usually go along with our main meat dishes. Per capita use of processed vegetables was slightly larger last year than in 1961 and supplies should be larger this year too. Consumption of potatoes is forecast to remain near 1962 and 1961 levels of 103 pounds per person. Use of processed potatoes gained a little from 1961 to 1962, and will likely make up a little larger proportion of the potatoes we eat this year.

Bread, rolls, breakfast cereals, take your pick—per capita consumption of cereal products in 1963 should be about the same as in recent years.

We'll probably be eating fewer dairy products per capita in 1963.

Except for 1962, when consumption per person held steady at the 1961 level, we have been consuming less each year for six straight years.

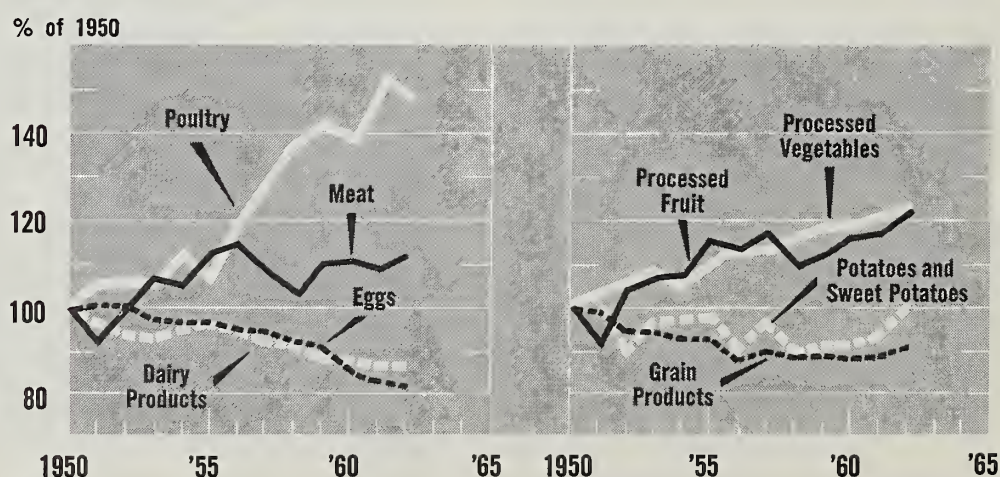
Although use of all dairy products in 1962 remained at the '61 level, a check of individual dairy products indicated some shifts last year. Use of fresh fluid milk and cream per person dropped slightly. Prospects are for a somewhat sharper decline in 1963. Per capita consumption of non-fat dry milk lost a little in 1962 but is expected to hold steady this year.

On the upswing in dairy products are skim milk and other low-fat fluid products. They made up a larger portion of the American diet in 1962, compared with 1961, and should increase their share again this year.

Use of food fats and oils has been fairly stable at about 46 pounds per person over the past several years and should be about the same this year. A check of fat use last year shows that consumption of margarine per person dropped slightly for the first time in seven years. Use of butter in 1962 equalled 1961 levels as it should this year. Use of cooking fats as a whole was up slightly during 1962 and should be about the same in 1963. Consumption of cooking and salad oils per person increased sharply in 1962 and should at least remain at the new level this year.

In food products we buy and those we prepare at home, our use of sugar remained at just over 97 pounds per capita last year. Consumption isn't expected to change from that level in 1963. Another sweetener, honey, gained a little in 1962. We averaged about 1.5 pounds apiece, highest in 10 years.

THE FOOD WE EAT: Americans have changed their diets considerably within the last decade or so. Since 1950 the average American has made room on his plate for nearly half again as much chicken and turkey, and we eat a little more red meat, especially beef, now than we used to. To make room for extra helpings of these foods, we eat 16 per cent less eggs per person and 14 per cent less dairy products. Use of cereals and bakery goods continued to decline from 1950 to 1962 as has been the rule for some time. However, the downtrend for potatoes has been reversed, at least for now, as more and more busy homemakers discover new prepared potato products. Our total intake of fruits and vegetables per capita is about the same as in the early 1950's. However, we now use less fresh fruit and more of the processed forms. New frozen and pre-cooked fruits and vegetables have encouraged the shift. Rising incomes are behind the changing chart lines. With a larger paycheck we buy more of some foods, less of others and end up eating about the same amount of food.



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Neg. ERS 1579-62(11)

RECENT PUBLICATIONS

Single copies of the following publications are available free from the Division of Information, MOS, U.S. Department of Agriculture, Washington 25, D.C.

MEASURING THE EFFECTS OF WEATHER ON AGRICULTURAL OUTPUT—PROCEDURES FOR CONSTRUCTING WEATHER INDEXES. Lawrence H. Shaw and Donald D. Durost, Farm Economics Division. ERS-72.

How much of the dynamic increase in agricultural output in recent years is due to weather and how much to technology? This study presents a procedure for separating the effects of these two factors. Weather indexes for corn yields and production in Iowa from 1929 to 1960 were constructed using a plot data approach. The procedures can be used to construct indexes suitable as deflators for single and aggregate measures of crop production now published for farm production regions in the United States.

TRUCK CROP PRODUCTION PRACTICES—COLQUITT COUNTY, GEORGIA. Earle E. Gavett, Farm Economics Division. ERS-82.

Georgia is a leading state in the production of truck crops grown for fresh-market use, ranking eighth in harvested acreage and fifteenth in value of production in 1961. Colquitt County is located in the center of the major producing area. In 1959, information on production of truck crops was obtained by interviewing 125 farm operators in the county. This report presents information on the 10 vegetables most widely grown in the county.

THE NEW BRITISH COMMONWEALTH—ECONOMIC AND COMMERCIAL POLICIES RELATED TO AGRICULTURAL PRODUCTION AND TRADE. Montell Ogden, Regional Analysis Division. FAER-5.

The British Empire that was governed so long from London has been superseded by a free association of nations officially known simply as the Commonwealth. It is composed of the United Kingdom and 15 other member countries, their dependent territories, and several self-governing territories. While there is still a large volume of intra-Commonwealth and sterling area trade, both the United Kingdom and the other component parts of the system are becoming increasingly less dependent upon each other. Both the older dominions and the newer members are looking more and more to countries other than the United Kingdom as outlets for their farm commodities. Commonwealth trade has increased greatly with the United States, Western Europe and Japan.

TRENDS AND DEVELOPMENTS IN COMMUNIST CHINA'S WORLD TRADE IN FARM PRODUCTS, 1955-60. Hughes H. Spurlock, Regional Analysis Division. FAER-6.

The problem of obtaining data on Red Chinese trade is a difficult one. The major source is from trade partners. Some countries trading with Red China do not publish trade books until several months after the end of the year. The increasing amount of useful information becoming available is sufficient to construct a reasonably accurate general picture of Red China's trade for 1955-59 and part of 1960. This publication gathers in one place and in a systematic manner the scattered and fragmentary information.

FARM ACCIDENTS IN THE UNITED STATES. John D. Rush, Farm Economics Division. AER-17.

Farm-accident fatalities are not declining in proportion to the decline in farm population. This is partly due to the increasing average age of people on the farms. Motor vehicles are listed as the agency of injury

most frequently associated with accidents to farm people. Perhaps 80 per cent of farm accidents result from carelessness or failure to deal with hazards safely.

CROP PRODUCTION PRACTICES AND COSTS BY SIZE OF FARM—DELTA MISSISSIPPI, 1957-58. I. R. Starbird and J. Vermeer, Farm Economics Division. AER-21.

This report gives the results of a study of crop production practices, direct costs, and estimated net returns to unpaid labor, land, and management by size of farm in the Delta area of Mississippi. Five crops are studied—cotton, soybeans, corn, oats and wheat. The study was designed to show which elements of costs differ by size of farm and the extent of that difference.

THE 1962 CROP OUTLOOK IN COMMUNIST COUNTRIES. Regional Analysis Division. ERS-Foreign-41.

The Soviet Union and other Eastern European countries have suffered another disappointing crop year, preliminary information shows. But in communist China weather conditions have been better than the past three years and the crop outlook for 1962 improved somewhat. In Eastern Europe, poor growing conditions were a major contributing factor in the mediocre crop outlook. Stagnation in Soviet agricultural production has continued for the fourth consecutive year. (See p. 13, this issue.)

LABOR AND CAPITAL FOR MIXING FORMULA FEEDS. Carl J. Vosloh, Jr., Marketing Economics Division. MRR-564.

This study provides the mixed feed industry with information on standards for costs, labor, and equipment in two models of mixing centers with capacities of 80 tons and 200 tons per shift per day. The models

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were developed from records of feed manufacturers in 34 states. The mixed feed industry has changed markedly since World War II in response to many economic and technical developments.

COSTS AND RETURNS—COMMERCIAL COTTON FARMS, 1961. W. Herbert Brown, Farm Economics Division. FCR-8.

Information is presented in this study on costs and returns on typical cotton farms in important cotton-producing regions of the United States—Southern Piedmont, Mississippi Delta, Texas, San Joaquin Valley and the Southern Coastal Plains. Incomes vary with size, resources, technology, and location of the farms. In both 1960 and 1961 they were highest on the large farms in the San Joaquin Valley.

SRS FILM SHOWS WHAT STATISTICS DO FOR HOUSEWIFE

Agricultural statistics work for Mrs. Housewife. That is the message of a new motion picture, "Alice in Numberland," issued recently by the Statistical Reporting Service.

"Alice" is a fantasy, with the story centering around a housewife who is confused by the numbers she must cope with just to do her family's shopping. In a dream she finds the shelves at the food store are empty; "No numbers, Alice. No numbers, Alice." She encounters a talkative character, Mr. Agriculture Numbers, who explains why numbers are so important in helping to make sure she will be able to buy what she wants, when and where she wants it.

"Alice" will interest housewives, business and service clubs, classes in school—almost anyone who eats. The 15-minute film, in color, was shown at the Seattle World's Fair; has had more than 50 television showings throughout the United States; and has been used by several of the state agricultural statisticians to supplement talks on the work of the Statistical Reporting Service.

Prints of "Alice in Numberland" are available on loan from the film library in each state, usually located at the Land Grant college. Prints also are available from the USDA Motion Picture Service, Washington 25, D. C.